COMPANY UPDATE

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Hansol Chemical (014680)

Beneficiary of memory industry boom

- Hansol Chemical reported a 3Q operating profit of KRW48.8b, largely in line with our previous estimates.
- We raise our target price for the stock to KRW270,000 (based on 20x P/E), to reflect the anticipation of growth in 2026 amid the booming semiconductor industry.

WHAT'S THE STORY?

3Q25 review: Hansol Chemical reported largely in-line 3Q results, with sales up 4% q-q and 21% y-y to KRW230b—beating our estimate by 3%—and an operating profit down 0.1% q-q but up 32% y-y to KRW48.8b—missing our estimate by 2%. The firm's 3Q earnings were driven up by semiconductor-use hydrogen peroxide and precursors amid a recovery in the memory industry. Stronger-than-expected QD materials sales offset sluggish binder sales. Meanwhile, due to a change to the accounting rule for the costs associated with the firm's conversion of its treasury stock to an employee stock ownership program (ESOP) in Apr 2024, the firm should recognize an about KRW2b in quarterly cost throughout 2026. This cost, small in amount, does not affect the firm's ROE.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW270,000	14.2%
Current price	**KRW236,500**	
Market cap	KRW2.7t/USD1.9b	
Shares (float)	11,335,195 (76.6%)	
52-week high/low	KRW236,500/KRW88,000	
Avg daily trading value (60-day)	KRW13.6b/ USD9.3m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hansol Chemical (%)	14.8	90.7	131.6
Vs Kospi (%pts)	5.3	22.5	36.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	270,000	220,000	22.7%
2025E EPS	12,895	13,009	-0.9%
2026E EPS	13,584	13,879	-2.1%

SAMSUNG vs THE STREET

No of estimates	7
Target price	248,429
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	776	878	915	962
Operating profit (KRWb)	129	166	184	207
Net profit (adj) (KRWb)	125	149	157	174
EPS (adj) (KRW)	10,823	12,895	13,584	15,111
EPS (adj) growth (% y-y)	16.5	19.1	5.3	11.2
EBITDA margin (%)	23.2	24.7	25.7	27.0
ROE (%)	13.5	14.2	13.4	13.3
P/E (adj) (x)	9.0	18.3	17.4	15.7
P/B (x)	1.1	2.4	2.1	1.9
EV/EBITDA (x)	7.5	13.1	11.6	10.0
Dividend yield (%)	2.2	0.9	0.9	0.9

Source: Company data, Samsung Securities estimates

2026 outlook: We raise our 2026 operating profit forecast by 11% to KRW183.6b, expecting hydrogen peroxide and precursor sales to grow further as the DRAM and NAND industries should see rising utilization rates and increasing exposure to advanced nodes. In particular, we expect sales of precursors (eg, TSA) to grow in the long term as the firm's key client is set to expand its US fab capacity. We also find it positive that the firm's rechargeable battery-related sales (eg, binders) are recovering after a period of stalling growth. Thanks to the mix shift to high-margin products, we expect the firm's operating margin to increase from 20.6% in 2025 to 22.3% in 2026.

Share prices to reflect semiconductor market boom: We believe memory supply shortages will lead the firm's key clients (including Samsung Electronics) to aggressively expand their capacity. Any signals for capacity expansion (and continued supply shortages) should continue to drive up the firm's valuation. We thus raise our target price for the stock to KRW270,000 (based on 20x P/E, its peak valuation hit in 2018 during a chip industry uptrend).

3Q25 results

(KRWb)	3Q25	2Q25	3Q24	Diff (% q-q)	Diff (% y-y)
Sales	**230.0**	221.9	190.6	3.7	20.7
Operating profit	**48.8**	48.9	37.0	-0.1	31.9
Pre-tax profit	**56.4**	55.0	35.9	2.5	56.8
Net profit	**46.5**	48.6	32.2	-4.4	44.2
Margins (%)					
Operating margin	**21.2**	22.0	19.4		
Pre-tax margin	**24.5**	24.8	18.9		
Net margin	**20.2**	21.9	16.9		

Source: Company data, Samsung Securities

Hansol Chemical: Target-price calculation

(KRW)	2026E
EPS	13,584
Target P/E (x)	20
Fair value per share	271,673
Target price	**270,000**
Current price	222,000
Upside (%)	21.6

Source: Samsung Securities estimates

Hansol Chemical: Changes to full-year earnings estimates

(KRWb)	Old		New		Diff (%)	
	2025E	2026E	2025E	2026E	2025E	2026E
Sales	855.4	899.3	877.7	914.8	2.6	1.7
Operating profit	169.8	188.9	165.7	183.6	-2.4	-2.8
Pre-tax profit	186.5	208.0	180.8	203.6	-3.0	-2.1
Net profit	150.1	160.2	148.8	156.8	-0.9	-2.1

Source: Company data, Samsung Securities estimates

Hansol Chemical: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26	2024	2025	2026
Sales	**209.6**	**221.9**	**230.0**	**216.2**	**216.3**	**233.9**	**234.9**	**229.7**	**776.4**	**877.7**	**914.8**
Hydrogen peroxide	53.2	55.7	59.1	58.5	56.2	61.6	65.0	56.3	214.7	226.5	239.0
Semiconductor	40.0	40.9	39.1	42.4	45.5	157.6	44.3	45.2	156.8	170.4	184.5
LCD	8.5	9.8	9.7	8.8	8.3	19.3	9.5	8.5	36.7	36.6	35.6
Precursor	26.9	31.5	35.7	34.3	32.9	34.8	36.5	34.5	84.2	128.4	138.7
Electronic materials	41.9	41.1	41.6	34.2	43.9	42.4	37.0	34.8	147.0	158.7	158.1
Quantum dot	34.9	31.0	30.6	25.2	35.9	31.0	24.7	24.7	115.1	121.6	116.3
Gas and others	5.0	8.2	9.0	7.0	6.0	9.4	10.4	8.1	23.9	29.2	33.8
Battery binder	11.1	13.5	12.5	12.0	12.5	14.9	13.8	13.2	33.4	49.1	54.4
Tapex	31.1	35.8	37.4	33.7	32.6	37.6	39.2	35.4	136.0	138.0	144.9
Latex	5.8	6.5	6.7	6.6	5.8	6.5	6.7	6.6	24.0	25.6	25.6
Other	35.4	32.7	32.0	32.7	28.1	31.0	31.5	44.9	119.3	132.9	135.5
Operating profit	**41.7**	**48.9**	**48.8**	**26.4**	**47.9**	**52.7**	**53.6**	**29.3**	**128.8**	**165.7**	**183.6**
Pre-tax profit	45.8	55.0	56.4	23.6	54.7	60.2	61.4	27.3	150.1	180.8	203.6
Net profit	35.5	48.6	46.5	18.2	42.1	46.3	47.3	21.0	124.9	148.8	156.8
Margins (%)											
Operating profit	19.9	22.0	21.2	12.2	22.1	22.6	22.8	12.8	16.6	18.9	20.1
Pre-tax profit	21.9	24.8	24.5	10.9	25.3	25.7	26.1	11.9	19.3	20.6	22.3
Net profit	17.0	21.9	20.2	8.4	19.5	19.8	20.1	9.2	16.1	17.0	17.1

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**772**	**776**	**878**	**915**	**962**
Cost of goods sold	567	572	627	643	662
Gross profit	**205**	**205**	**251**	**272**	**300**
Gross margin (%)	26.6	26.4	28.6	29.7	31.2
SG&A expenses	81	76	85	89	93
Operating profit	**124**	**129**	**166**	**184**	**207**
Operating margin (%)	16.1	16.6	18.9	20.1	21.5
Non-operating gains (losses)	**11**	**19**	**15**	**20**	**20**
Financial profit	9	12	8	7	7
Financial costs	9	7	14	13	13
Equity-method gains (losses)	13	20	24	26	28
Other	-1	-6	-3	0	-3
Pre-tax profit	**136**	**148**	**181**	**204**	**226**
Taxes	27	23	32	47	52
Effective tax rate (%)	19.8	15.5	17.7	23.0	23.0
Profit from continuing operations	109	125	149	157	174
Profit from discontinued operations	0	0	0	0	0
Net profit	**109**	**125**	**149**	**157**	**174**
Net margin (%)	14.1	16.1	17.0	17.1	18.1
Net profit (controlling interests)	105	123	146	154	171
Net profit (non-controlling interests)	3	2	3	3	3
EBITDA	177	180	217	235	260
EBITDA margin (%)	23.0	23.2	24.7	25.7	27.0
EPS (parent-based) (KRW)	9,294	10,823	12,895	13,584	15,111
EPS (consolidated) (KRW)	9,589	11,018	13,128	13,829	15,384
Adjusted EPS (KRW)*	9,294	10,823	12,895	13,584	15,111

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**367**	**348**	**385**	**492**	**614**
Cash & equivalents	67	84	88	184	290
Accounts receivable	90	90	102	106	112
Inventories	124	126	142	147	155
Other current assets	86	48	53	55	57
Fixed assets	**984**	**1,117**	**1,130**	**1,142**	**1,160**
Investment assets	85	98	110	115	121
Tangible assets	801	862	865	874	888
Intangible assets	79	78	76	75	73
Other long-term assets	19	78	78	78	78
Total assets	**1,351**	**1,465**	**1,515**	**1,635**	**1,774**
Current liabilities	**248**	**272**	**227**	**233**	**220**
Accounts payable	45	36	46	48	51
Short-term debt	19	69	69	69	69
Other current liabilities	183	167	112	115	100
Long-term liabilities	**162**	**121**	**102**	**83**	**83**
Bonds & long-term debt	150	106	86	66	66
Other long-term liabilities	11	15	16	16	17
Total liabilities	**409**	**393**	**329**	**315**	**303**
Owners of parent equity	**846**	**974**	**1,086**	**1,217**	**1,365**
Capital stock	57	57	57	57	57
Capital surplus	33	60	60	60	60
Retained earnings	811	909	1,032	1,163	1,311
Other	-56	-51	-62	-62	-62
Non-controlling interests' equity	**96**	**97**	**100**	**103**	**106**
Total equity	**941**	**1,071**	**1,186**	**1,320**	**1,471**
Net debt	164	157	63	-54	-182

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**144**	**162**	**202**	**214**	**231**
Net profit	109	125	149	157	174
Non-cash profit and expenses	80	60	86	102	107
Depreciation	52	49	50	50	51
Amortization	1	2	2	1	1
Other	27	9	34	50	55
Changes in A/L from operating activities	-17	-9	-7	-5	-6
Cash flow from investments	**-172**	**-72**	**-65**	**-71**	**-77**
Change in tangible assets	-158	-108	-52	-60	-65
Change in financial assets	-7	31	-5	-2	-2
Other	-7	5	-9	-10	-10
Cash flow from financing	**-5**	**-77**	**-109**	**-43**	**-43**
Change in debt	32	-23	-86	-20	-20
Change in equity	0	27	0	0	0
Dividends	-25	-24	-23	-23	-23
Other	-12	-57	0	-0	-0
Change in cash	-32	17	5	95	106
Cash at beginning of year	99	67	84	88	184
Cash at end of year	67	84	88	184	290
Gross cash flow	**189**	**185**	**234**	**259**	**282**
Free cash flow	**-15**	**54**	**150**	**154**	**166**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-12.9	0.6	13.1	4.2	5.1
Operating profit	-33.3	3.8	28.6	10.8	12.6
Net profit	-34.9	14.9	19.1	5.3	11.2
Adjusted EPS**	-32.1	16.5	19.1	5.3	11.2
Per-share data (KRW)					
EPS (parent-based)	9,294	10,823	12,895	13,584	15,111
EPS (consolidated)	9,589	11,018	13,128	13,829	15,384
Adjusted EPS**	9,294	10,823	12,895	13,584	15,111
BVPS	77,725	88,053	99,913	111,981	125,642
DPS (common)	2,100	2,100	2,100	2,100	2,100
Valuations (x)					
P/E***	24.4	9.0	18.3	17.4	15.7
P/B***	2.9	1.1	2.4	2.1	1.9
EV/EBITDA	16.0	7.5	13.1	11.6	10.0
Ratios (%)					
ROE	13.1	13.5	14.2	13.4	13.3
ROA	8.3	8.9	10.0	10.0	10.2
ROIC	10.5	10.2	12.1	12.4	13.8
Payout ratio	21.7	18.9	15.6	14.8	13.3
Dividend yield (common)	0.9	2.2	0.9	0.9	0.9
Net debt to equity	17.4	14.6	5.3	-4.1	-12.3
Interest coverage (x)	21.4	24.2	21.9	24.4	29.8

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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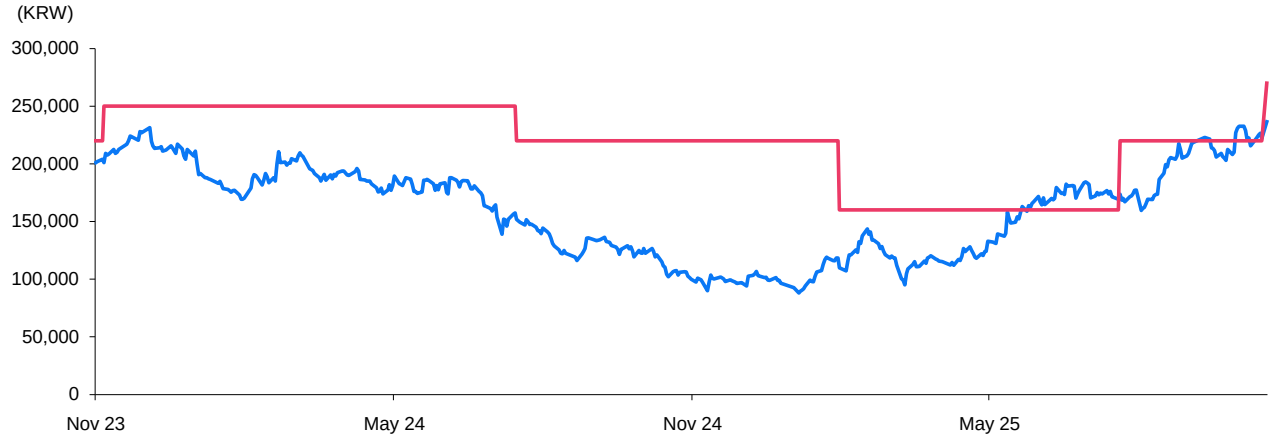
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/11/13	12/5	2024/8/14	2025/2/28	8/19	11/17
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	220000	250000	220000	160000	220000	270000
Gap* (average)	-15.09	-24.08	-47.84	-11.39	-8.83	
(max or min)**	-7.27	-7.40	-31.05	15.25	5.68	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Percentage of ratings in 12 months prior to 2025.09.30

BUY(83.5%)·HOLD(16.5%)·SELL(0%)

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